



Missouri Department of Natural Resources Division of Energy

MISSOURI ENERGY BULLETIN

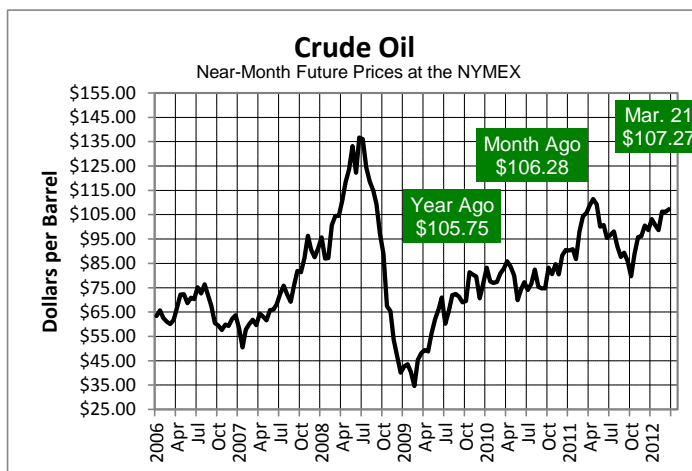
March 23, 2012

Crude Oil

U.S. crude oil prices increased \$7.45 to \$106.16 per barrel in the past month and stand 2 percent higher than at this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)					
	<u>03-21-12</u>	<u>02-22-12</u>	<u>change</u>	<u>03-23-11</u>	<u>change</u>
NYMEX	\$107.27	\$106.28	up 1%	\$105.75	up 1%

- At the New York Mercantile Exchange (NYMEX) crude oil futures for Apr. delivery ended \$1.20, or 1.1 percent, higher Mar. 21 to close at \$107.27 per barrel, as the weekly federal fuel inventory report showed supplies fell for the first time in 5 weeks and imports decreased. Crude prices are now 8.5 percent higher since the beginning of 2012 and 1 percent higher compared to the same period last year.
- U.S. oil inventories decreased by 1.2 million barrels (MMB) for the week ending Mar. 16. Global oil prices have surged in the past month on concern sanctions aimed at Iran's nuclear program will disrupt oil shipments. Secretary of State Hillary Clinton announced March 21 that an "initial group" of countries, comprising Japan and 10 European Union nations, have 'significantly reduced' their Iranian oil purchases and thus qualified for an exemption from U.S. sanctions for a renewable period of 180 days under the law. The US didn't grant waivers to China, India or South Korea due to on-going oil purchases from Iran.



- Futures climbed during the trading week, but lost strength March 22 following reports that indicated manufacturing in the euro area and China contracted, signaling that fuel consumption may decline.
- Compared to this time last year, the U.S. crude oil futures settlement price of \$106.16 is \$1.78, or 2 percent, higher.
- Total petroleum products supplied to market over the last four-week period ending Mar. 16 averaged 18.2 MMB/D, down 5.7 percent, compared to the similar period last year.

- According to the Mar. 21 Energy Information Administration (EIA) weekly fuels report, U.S. oil inventories decreased 1.2 MMB at 346.3 MMB for the week ending Mar. 16. U.S. crude supplies are now 6.5 MMB lower than at this time last year.
- Crude imports for the week ending Mar. 16 were 8.2 MMB/D, down nearly 0.5 MMB from the prior week. Imports at this time last year averaged 9.0 MMB/D. Crude oil inventories represent 23.9 days of forward cover compared to 25.1 days at this time last year.
- U.S. refinery crude runs were down 85,000 barrels per day with refiners processing 14.6 MMB/D of crude for the week ending Mar. 16. U.S. refinery capacity use was 82.2 percent, down 0.5 percent from the prior week and down 1.9 percent compared to this time last year.
- Gasoline output was down at 8.6 MMB/D on the week as refiners reduce refined product output and begin to shutter refineries due to poor refining economics. Consumer demand for petroleum continues to be weak compared to last year. Gasoline output was down nearly 0.5 MMB/D compared to last year at this time. Distillate output increased slightly at 4.3 MMB/D for the week ending Mar. 16, yet stand 68,000 barrels per day lower compared to the production level at this time last year.

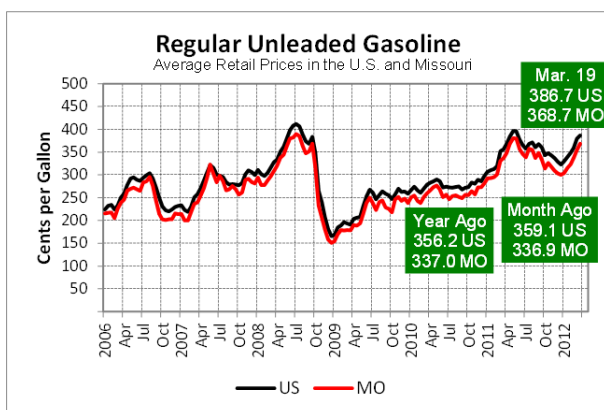
Transportation Fuels

On Mar. 19, Missouri's statewide average retail price for gasoline was \$3.69 per gallon, up 31.8 cents or 9 percent in the past month.

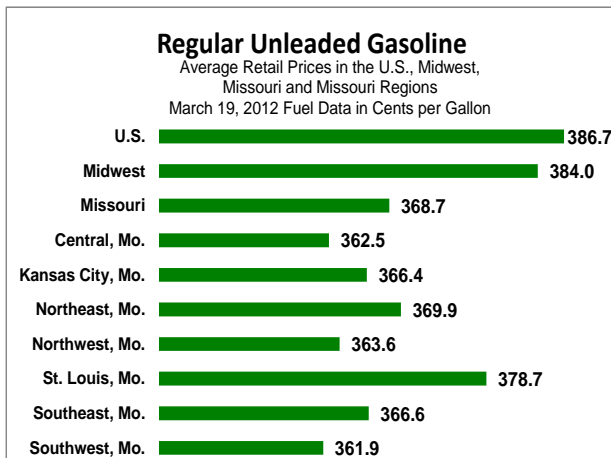
Regular Unleaded Gasoline - Retail Prices (cents per gallon)					
	<u>03-19-12</u>	<u>02-21-12</u>	<u>change</u>	<u>03-21-11</u>	<u>change</u>
US	386.7	359.1	up 8%	356.2	up 9%
Missouri	368.7	336.9	up 9%	337.0	up 9%

Diesel Fuel - Retail Prices (cents per gallon)					
	<u>03-19-12</u>	<u>02-21-12</u>	<u>change</u>	<u>03-21-11</u>	<u>change</u>
US	414.2	396.0	up 5%	390.7	up 6%
Missouri	392.1	376.2	up 4%	376.8	up 4%

- On Mar. 19, Missouri's average retail price for gasoline was \$3.69, an increase of 31.8 cents in the past month. The average price for diesel fuel was up by 15.9 cents in the past month. Missouri's average retail gasoline price is \$0.32 or 9 percent higher, while the average diesel fuel price is \$0.15, or 4 percent, higher for the comparable period in Mar. 2011.

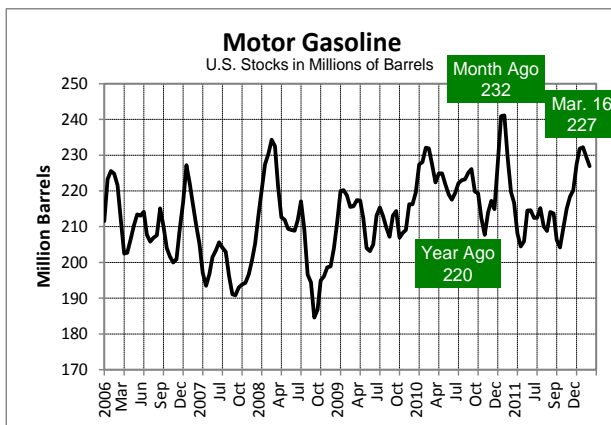


- The U.S. average price for regular gasoline was up by 28 cents per gallon, or 8 percent compared to last month at \$3.87 per gallon. The U.S. average was about \$0.31 or 9 percent higher compared to this time last year. In the past week, the U.S. average increased by about 4 cents per gallon.
- Gasoline imports increased to 0.6 MMB/D for the week ending Mar. 16; about 99,000 barrels per day higher compared to the prior week but 63,000 barrels per day lower than last year at this time.



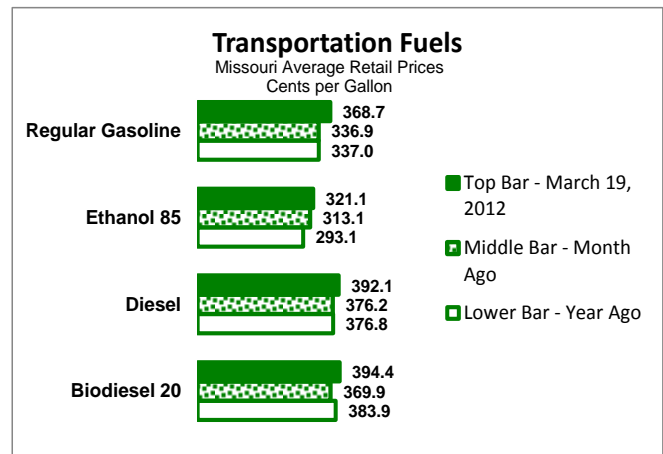
days of supply for the U.S. based on implied demand during the past 4-week average. U.S. gasoline inventories are up 7.2 MMB compared to this time last year and trend at the upper end of the five-year average for this time of year.

- Distillate stocks increased 1.8 MMB at 136.6 MMB and stand 16.0 MMB lower compared to the same period last year. Distillate demand was down at 3.2 MMB/D for the week ending Mar. 16 and down 554,000 barrels per day compared to the same period last year. On the week, distillate demand, which includes diesel fuel, kerosene and home heating oil, was down 615,000 barrels per day. On a four-week average, distillate demand was down 329,000 barrels per day compared to the same period last year at 3.6 MMB/D.
- On Mar. 16, Missouri's average retail price for E85 motor fuel, conventional motor fuel containing 85 percent ethanol, was about \$3.21 per gallon, 48 cents or about 13 percent, lower than the average price for conventional motor gasoline.



average \$3.79 per gallon in 2012, compared with \$3.53 per gallon last year. During the April through September peak driving season, prices are forecast to average about \$3.92 per gallon and peak at \$3.96 in May.

- Implied demand for gasoline decreased the week ending Mar. 16 at 8.4 MMB/D, down by 36,000 barrels per day from the prior week and nearly 0.7 MMB/D lower compared to this same period last year. In the past 4 weeks, U.S. gasoline demand has averaged about 8.4 MMB/D, 710,000 barrels per day lower compared to the same 4-week period last year, the lowest since March 2001.
- U.S. gasoline supplies decreased 1.2 MMB at 226.9 MMB for the week ending Mar. 16. Gasoline inventories represent 27.2



- On Mar. 5, the average retail price for B20, diesel fuel containing 20 percent biofuel, was \$3.94 per gallon, 2.3 cents or less than 1 percent, higher than the statewide average retail price for conventional diesel fuel.
- According to EIA's Mar. 6, 2012 *Short Term Energy Outlook*, regular-grade motor gasoline retail prices are estimated to

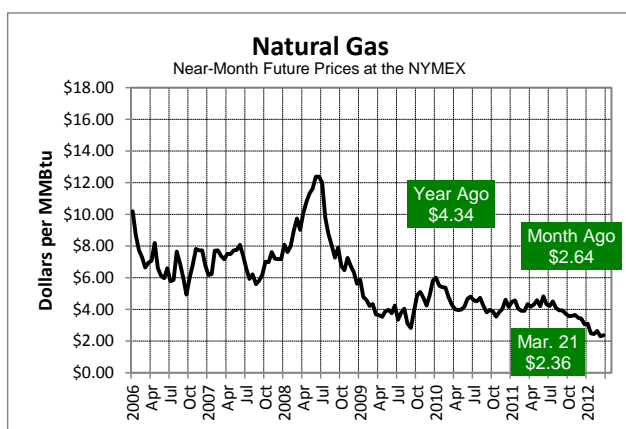
Natural Gas

Approximately 58 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On Mar. 21, natural gas futures closed at \$2.36 per million British thermal units (MMBtu), down 28 cents from a month ago and down \$1.98 compared to last year at this time.

Natural Gas - Near Month Future Prices (dollars per MMBtu)					
	03-21-12	02-22-12	change	03-23-11	change
NYMEX	\$2.36	\$2.64	down 11%	\$4.34	down 46%

- Natural gas futures for April delivery decreased \$0.28 in the past month to a final closing price of \$2.36 per MMBtu on Mar. 21.
- At the NYMEX, the April 2012 contract during the trading week increased about 7.6 cents to close at \$2.36 per MMBtu on Mar. 21.
- The April 2012 contract increased after hitting its low on March 16. On the same day, several pricing points dipped below the \$2 mark. Prices then rebounded modestly for the rest of the week, potentially



driven by storage injection demand. In the midst of record-high March temperatures throughout most of the country during the week, consumption decreased due to an absence of heating load. According to EIA, domestic natural gas consumption fell by 9.5 percent from the prior week. The residential/commercial sector led the decrease with a 25.0 percent week-over-week loss, while the industrial sector registered a 4.4 percent loss. The power sector posted a 3.6 percent increase due to a record level of nuclear power plant

outages and weather in isolated locations being warm enough to trigger early cooling loads.

- Working gas in storage as of Mar. 16 totaled 2,380 billion cubic feet (Bcf), 54.0 percent above the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. U.S. natural gas supplies are 766 Bcf, or 47.5 percent, higher than last year at this time.
- According to EIA's *Short Term Energy Outlook* released Mar. 6, 2012, Midwest households that heat with natural gas may realize a fall in natural gas expenditures by 15.8 percent to \$658 for the heating season based on a reduction in consumption of approximately 13 percent and a reduction in price of about 3 percent. March marks the end of the traditional heating season for the U.S. The next release of the *Outlook* is scheduled for April 10, 2012.

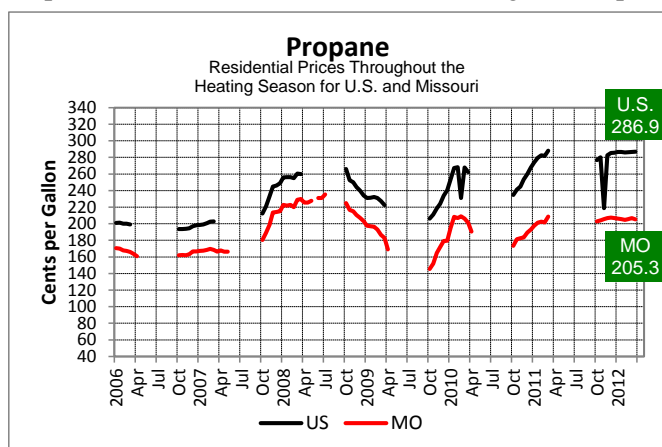
Propane

Approximately 13 percent (293,603) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

On Mar. 19, the average Missouri retail price for residential propane was about \$2.05 per gallon, down 2 cents in the past month.

Propane - Retail Prices (cents per gallon)					
	<u>03-19-12</u>	<u>02-21-12</u>	<u>change</u>	<u>03-21-11</u>	<u>change</u>
Missouri	205.3	205.5	down 0%	NA	NA

- According to the Division of Energy's statewide propane price survey conducted Mar. 19, Missouri retail residential propane prices were down 2 cents, or less than 1 percent, in the past month.
- According to the survey, the highest Missouri retail residential price for propane was nearly \$3.00 per gallon while the lowest retail price was about \$1.70 per gallon.
- For the week ending Mar. 16, U.S. inventories of propane increased 0.5 MMB to end at 42.7 MMB. Propane inventories are now 15.7 MMB higher compared to the same period last year. Implied



- demand for propane decreased 270,000 barrels per day at 1.1 MMB/D for the week ending Mar. 16, and up 48,000 barrels per day compared to the demand level for this time last year.
- For the week ending Mar. 16, Midwest propane inventories increased over 0.6 MMB. At 16.6 MMB, Midwest inventories are 7.0 MMB, or about 73 percent, higher than the 9.6 MMB reported at this time last year.
- According to EIA's *Short Term Energy*

Outlook released Mar. 6, 2012, Midwest households that heat with propane may realize a decrease in propane expenditures by 8.7 percent at \$1,658 for the heating season based on a reduction in consumption of approximately 13 percent. March marks the end of the traditional heating season for the U.S. The next release of the *Outlook* is scheduled for April 10, 2012.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources' Division of Energy. The Division of Energy collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the division's Web address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Division of Energy, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-4827; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/fb.htm